

Testimony before the Montgomery County Council in Support of the Gaithersburg West Master Plan Life Sciences Center

By

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Good evening. My name is Stephen Fuller. I am testifying tonight in my role as Director of the GMU Center for Regional Analysis. While I am a resident of Arlington, VA, I am here to provide a regional prospective for this important Master Plan proposal based on my 40 years of research and analysis on the Washington metropolitan area economy. The focus of my current research, the economic future of the Washington area economy, is germane to your deliberation tonight.

What is the forecast for the Washington Area?

The current forecasts for the Washington MSA indicate that it has the potential to add approximately 1.6 million net new jobs between 2010 and 2030 while adding only 1.7 million net new residents. This imbalance between job growth and population growth (1.6 million jobs would require the addition of 3 million more residents to fill these jobs without depending on commuters from outside the metropolitan area) may limit the Washington area's ability to realize its future growth potentials. This growing dependency on non-local residents to fill the Area's jobs also has major fiscal implications as these non-resident workers do not pay local taxes to support the local services they use.

What is the forecast for Montgomery County?

Montgomery County has been one of the Washington metropolitan area's major generators of jobs and income over the past 50 years. It has been able to attract and retain high quality growth because of its competitive assets relative to the Washington area's other jurisdictions. Currently, its employment base represents 17.0% of the Washington metropolitan area's (MSA) jobs and these jobs account for 18.3% of the Washington metropolitan area's total output (Gross Regional Output-GRP). However, current forecasts show the County will lose share to other jurisdictions going forward. By 2030, the County's share of the MSA's jobs will have dropped to 16.2% and its share of GRP will have declined to 16.3%. While these are not large losses of regional share, the 2 percentage point decline in share of GRP in comparison to its 0.8 percentage point decline in regional jobs share suggests that Montgomery County will be less competitive in the future in attracting higher value

added jobs relative to lower value added jobs. In short, the County's job mix will become less favorable in the future than it is currently.

This forecast points to an obvious conclusion: the County is losing its competitive advantage. This trend is not entirely new. Over the past two decades the County has been focusing on maintaining its high quality of public services at the expense of investing in strengthening its capacity to build and support the County's economic base. In order to correct this pattern of eroding regional competitiveness, Montgomery County needs to invest in its capacity to support economic growth to attract investment that otherwise will opt to locate elsewhere in the Washington metropolitan area. Montgomery County has clear locational advantages and competitive strength and needs to build on these in order to capture future discretionary growth—growth that will locate where its needs are best served.

The Gaithersburg West Master Plan: Life Sciences Center

The proposed Life Sciences Center is clearly consistent with this strategy. It builds on the County's strength. The Life Sciences Center already has the basic building blocks in place. The leadership needed to achieve the Life Sciences Center's potentials is ready to move forward. The outcome is so obvious. This is as a clear case of "build it and they will come" that I can point to in any local jurisdiction. The cost of not approving this Plan and moving forward on the fundamental public investments to establish the pre-conditions for achieving its full potential will be enormous and, once lost, these investments whether they are federal, institutional, or private, will be gone. They do not have to be in Montgomery County and many can choose to be anywhere in the U.S.

However, given a well planned, mixed-use complex in Montgomery County, as proposed in this Master Plan, served by multi-modal transportation and supported by excellent public services in one of the premiere counties in the nation within convenient access to NIH, FDA, HHS, DOE, and the Seat of the federal government, how can Montgomery County fail to become one of the most important Life Sciences Centers in the world? The answer is: not to move ahead aggressively and approve this Master Plan. Failure to do so will send a clear message that Montgomery County is not prepare to achieve the future economy it could have but rather will be satisfied by being a bed-room suburb to the District of Columbia and Northern Virginia and to watch other jurisdictions thrive at its expense. The Life Sciences Center will re-establish Montgomery County's competitive position in the Washington area as a key jurisdiction to securing the Washington area's future economic potential.

I would like to offer one more-specific observation on this proposal. Its mixed-use concept linked to public transportation is the epitome of smart growth, especially the provision for high-density residential and supporting retail uses in combination with educational facilities, health services and life sciences R&D. All you have to do is study the development of Tysons Corner to see that the proposed Gaithersburg

West Master Plan has avoided the mistakes so evident in Tysons as it has growth over the past 40 years. Tysons is now being replanned around public transportation to include a significant residential base that will lower its jobs to population ratio from 7 to 1 to 2.5 to 1. The Gaithersburg West Life Sciences Center proposal is a major achievement and with its implementation, Montgomery County can reclaim its leadership roll in the National Capital Region's economic future.